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February 10, 2014

Via ECFS

Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Room TW-A325
Washington, DC 20554

**Re: Cimarron Telephone Company, L.L.C., Cross Telephone Company, L.L.C., and
The Pottawatomie Telephone Company, L.L.C. ("Petitioners");
Notice of Ex Parte Presentation in regards to Petition for Limited Waiver of 47 C.F.R. §
51.917(c); *Connect America Fund, WC Docket No. 10-90; A National Broadband Plan
for our Future, GN Docket No. 09-51; Establishing Just and Reasonable Rates for
Local Exchange Carriers, WC Docket No. 07-135; High-Cost Universal Service
Support, WC Docket No. 05-337; Developing an Unified Intercarrier Compensation
Regime, CC Docket No. 01-92; Federal-State Joint Board on Universal Service, CC
Docket No. 96-45; Lifeline and Link-Up, WC Docket No. 03-109; Universal Service
Reform – Mobility Fund, WT Docket No. 10-208.***

Dear Ms. Dortch:

On February 6, 2014, Bruce Beard, Cinnamon Mueller; Ryan Overland and Jim Kilmer, Beacon Telecommunications Advisors; and the undersigned met via telephone conference with the following from the Wireline Competition Bureau's Pricing Policy Division: Randy Clarke, Deputy Division Chief; Greg Haledjian, Attorney-Advisor; Don Sussman, Telecommunications Analyst; Thom Parisi, Honors Attorney, to discuss the Petition filed on behalf of the Petitioners in the above-referenced dockets.¹

In the Petition, Petitioners requested a limited waiver of Section 51.917(c) of the Commission's rules to permit them to include in their 2011 base period revenues certain amounts billed to, but uncollectable from, Halo Wireless for intrastate access charges. During the meeting, we discussed Petitioners' efforts to identify the Halo traffic and subsequent collection efforts. A summary of the discussion follows.

Petitioners first noticed inclusion of Halo traffic on the December 2010 AT&T Cellular Transiting Usage Reports (CTUSR) in late January, 2011. The CTUSRs are normally delivered thirty to sixty days after the end of the month from when the traffic was delivered. It was not unusual for a new carrier to show up on the reports, which are meant to show the number of wireless minutes

¹ Petition for Limited Waiver of 47 C.F.R. § 51.917(c), Petition of Cimarron Telephone Company, Cross Telephone Company, and The Pottawatomie Telephone Company, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, GN Docket No. 09-51, CC Docket Nos. 01-92, 96-45, WT Docket No. 10-208 at 1, n.3 (filed Nov. 19, 2012) ("Petition").

terminated on Petitioners' networks. Halo traffic first appeared for Cimarron and Cross on the December 2010 CTUSRs and for Pottawatomie on the August 2011 CTUSR.

However, in early 2011, Petitioners began to notice that the reports indicated that Halo was beginning to terminate a large amount of traffic, comparable to the national wireless carriers. Petitioners also began to notice a reduction in the amount of wireline traffic being terminated. Accordingly, at this time, Petitioners, with their consultants at Beacon, began to investigate the traffic.

The investigation of the traffic was not a simple matter as the CTUSR reports provided limited information; specifically, just the carrier's Operating Company Number (OCN), the specific end office, and the number of hours terminated by that OCN. The CTUSRs did not contain the calling party number.

Petitioners' consultants were able to review the Category 11 records provided by AT&T to get specific call detail such as time of the call. However, the Category 11 records at the time did not include the calling party number; rather they contained a generic calling number for all calls coming from that carrier.² The consultants were also able to pull the SS7 records from Petitioners' switches to determine calling party numbers.

The consultants were then able to use a specialized program to match up common fields in the Category 11 records and SS7 records in order to identify the calling numbers. By tracking the calling numbers to carriers, the consultants were able to determine that calls being sent by Halo were wireline calls, not wireless. In addition, Petitioners and their consultants discovered that intrastate long distance calls from various acquaintances were being routed as wireless calls even though they were being placed from a wireline phone. In addition, the called party reported an unknown number showing up on the caller-ID.

After gathering the necessary proof of what appeared to be a scheme to disguise wireline calls as wireless calls, Petitioners began invoicing Halo for the appropriate access charges. Petitioners followed their tariff filings in regards to their collection efforts. Discussions were also undertaken with Halo's General Counsel and he requested that copies of the invoices be sent directly to his office.

Petitioners also contemplated seeking relief at the Oklahoma Corporation Commission (OCC). However, the advice from the OCC in past traffic-related matters was to work it out with the other carrier. In addition, the OCC was extremely busy at the time with numerous other issues, including rural call completion issues. Accordingly, further efforts were made to attempt to collect from Halo and gather further evidence of the scheme before taking the matter to the OCC.

On August 8, 2011, Halo filed for bankruptcy, thus putting an automatic stay on collection efforts and precluding a direct action to the OCC. Petitioners thus were forced to hire special counsel to prepare and file their claims in the bankruptcy proceeding, which was pending in Texas. Petitioners continued to send post-bankruptcy invoices until Halo stopped terminating traffic in April 2012.

In sum, these three small, family-owned companies have devoted significant resources to identify, track down, and collect the necessary evidence to prove Halo's arbitrage scheme. Their efforts to identify the arbitrated amounts and collect from Halo have included, in addition to expending countless hours of internal time, significant expense to outside consultants, including

² As discussed, AT&T has since changed the reporting on the Category 11 Records, and they do include the actual calling number now.

Beacon, state regulatory counsel, bankruptcy counsel in Oklahoma and Texas, and federal regulatory counsel.

Please contact me if you have questions or concerns about these matters.

In accordance with Section 1.1206 of the Commission's rules, one copy of this letter is being filed electronically via ECFS, and one delivered via email to each of the meeting participants listed below.

Sincerely,

A handwritten signature in blue ink that reads "Jacob E. Baldwin". The signature is fluid and cursive, with a stylized "B" and a long horizontal stroke at the end.

Jacob E. Baldwin

cc (*via email*): Randy Clarke
Greg Haledjian
Don Sussman
Thom Parisi
Bruce Beard
Ryan Overland
Jim Kilmer